Canadian Transportation Agency

2015–2016

Departmental Performance Report

The Honourable Marc Garneau, P.C., M.P
Minister of Transport

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Message from the Chair and Chief Executive Officer

I am pleased to present the Canadian Transportation Agency's 2015-16 *Departmental Performance Report*.

Fiscal year 2015-16 was a period of transition for the Agency. It began with the Agency's Vice-Chair, Sam Barone, acting on an interim basis as Chair and Chief Executive Officer, roles I assumed on July 20, 2015. From my first day on the job, it was evident that the Agency is an organization with exceptional levels of expertise and professionalism, and an abiding commitment to impartiality and evidence-based decision-making.

These qualities are, in part, a reflection of the Agency's long history and deep roots. Founded as the Board of Railway Commissioners in 1904, the Agency is Canada's longest-standing oversight body for a federally-regulated industry. Its core mandates are to help ensure that the national transportation system runs efficiently and smoothly, protect the fundamental right of Canadians with disabilities to accessible transportation services, and provide consumer protection for air travelers.

The Agency's traditions of neutrality and fairness, along with its statutory independence, have stood the tests of time, and are critical to its ability to effectively discharge its various responsibilities. The Agency has also needed to evolve over the years in line with the development of the transportation sectors and the expectations of their customers and neighbours.

Today, the Agency is evolving again – building on the strong foundations that come from 112 years of experience, and examining how, in a hyper-networked and fast-moving age, it can best engage Canadians and deliver its services.

This report identifies steps taken in that regard during 2015-16, including preparatory work for an internal reorganization and a major review of the regulations administered by the Agency. Future reports will include information on the results of these and other initiatives.

The Agency's Members and dedicated public servants are committed to ensuring that the organization does the jobs assigned to it by Parliament as effectively and efficiently as possible – and in so doing, contributes to the prosperity and social fabric of the country.

Scott Streiner
Chair and Chief Executive Officer

Results Highlights

In 2015-2016, the Agency:

- ✓ ***Provided clarity and predictability for industry and consumers*** by determining that companies that purchase seats from air carriers and resell them to the public – such as NewLeaf Travel – will not be required to hold an air license as long as it is clear that they are resellers and not themselves operating an air service
- ✓ ***Developed innovative tools and resources to enhance transportation network accessibility***
  - sign language videos[i] for travellers who are Deaf, explaining the Agency's processes for resolving accessibility complaints
  - an online accessibility quiz and best practice fact sheets[ii] for air transportation service providers
- ✓ ***Took decisive action to ensure passengers were protected and informed*** following the sudden cessation of operations by SkyGreece Airlines
- ✓ ***Helped air travellers understand their rights and responsibilities*** by launching a series of informative videos[iii]. These user-friendly videos are available on the Agency's website, via YouTube and at airport terminals and Service Canada centres.
- ✓ ***Planned and engaged staff on the implementation of a modified organizational structure*** to reinforce capacity in key areas, achieve efficiencies, and focus on delivery

What funds were used?

28,254,232

Actual Spending

Who was involved?

229

Actual FTEs

Section I: Organizational Overview

Organizational Profile

Appropriate Minister: The Honourable Marc Garneau, P.C, M.P., Minister of Transport

Institutional Head: Scott Streiner, Chair and Chief Executive Officer

Ministerial Portfolio: Transport

Enabling Instrument(s): *Canada Transportation Act*, S.C. 1996, c. 10

Year of Incorporation / Commencement: 1904

Other:
The Agency shares responsibility for the following Acts:

- *Access to Information Act, R.S.C., 1985, c. A-1*
- *Canada Marine Act, S.C., 1998, c. 10*
- *Civil Air Navigation Services Commercialization Act, S.C., 1996, c. 20*
- *Coasting Trade Act, S.C., 1992, c. 31*
- *Energy Supplies Emergency Act, R.S.C., 1985, c. E-9*
- *Financial Administration Act, R.S.C., 1985, c. F-11*
- *Official Languages Act, R.S.C, 1985, c. 31 (4th Supp.)*
- *Pilotage Act, R.S.C., 1985, c. P-14*
- *Privacy Act, R.S.C., 1985, c. P-21*
- *Public Service Modernization Act, S.C., 2003, c. 22*
- *Railway Relocation and Crossing Act, R.S.C., 1985, c. R-4*
- *Railway Safety Act, R.S.C., 1985, c. 32 (4th Supp.)*
- *Shipping Conferences Exemption Act, 1987, R.S.C., 1985, c. 17 (3rd Supp.)*

The Agency has sole responsibility for the following regulations:

- *Air Transportation Regulations*
- *Canadian Transportation Agency Designated Provisions Regulations*
- *Personnel Training for the Assistance of Persons with Disabilities Regulations*
- *Railway Costing Regulations*
- *Railway Interswitching Regulations, SOR/88-41*
- *Railway Third Party Liability Insurance Coverage Regulations*
- *Railway Traffic and Passenger Tariffs Regulations*
- *Railway Traffic Liability Regulations*
- *Regulations on Operational Terms for Rail Level of Service Arbitration, SOR/2014-192*

The Agency shares responsibility for the following regulations:

- *Transportation Information Regulations*
- *Railway Company Pay Out of Excess Revenue for the Movement of Grain Regulations*
- *The Jacques-Cartier and Champlain Bridges Inc. Regulations*

- *The Seaway International Bridge Corporation, Ltd. Regulations*

These Acts and Regulations are available on the Department of Justice website, and are accessible through the Acts and Regulations section[iv] of the Agency website.

Organizational Context

Raison d'être and responsibilities

The Agency is an independent, quasi-judicial tribunal and regulator with the powers of a superior court.

What we do: our three mandates

- We help ensure that the national transportation system runs efficiently and smoothly in the economic and social interests of all Canadians; including those who work and invest in it; the producers, shippers, travellers and businesses who rely on it; and the communities where it operates.
- We protect the human right of persons with disabilities to an accessible transportation network.
- We provide consumer protection for air passengers.

How we do it: our tools

To help advance these mandates, we have three tools at our disposal:

- **Rule-making:** We develop and apply ground rules that establish the rights and responsibilities of transportation service providers and users and that level the playing field among competitors. These rules can take the form of binding regulations or less formal guidelines, codes of practice or interpretation notes.
- **Dispute resolution:** We resolve disputes that arise between transportation providers on the one hand, and their clients and neighbours on the other, using a range of tools from facilitation and mediation to arbitration and adjudication.
- **Information provision:** We provide information on the transportation system, the rights and responsibilities of transportation providers and users, and the Agency's legislation and services.

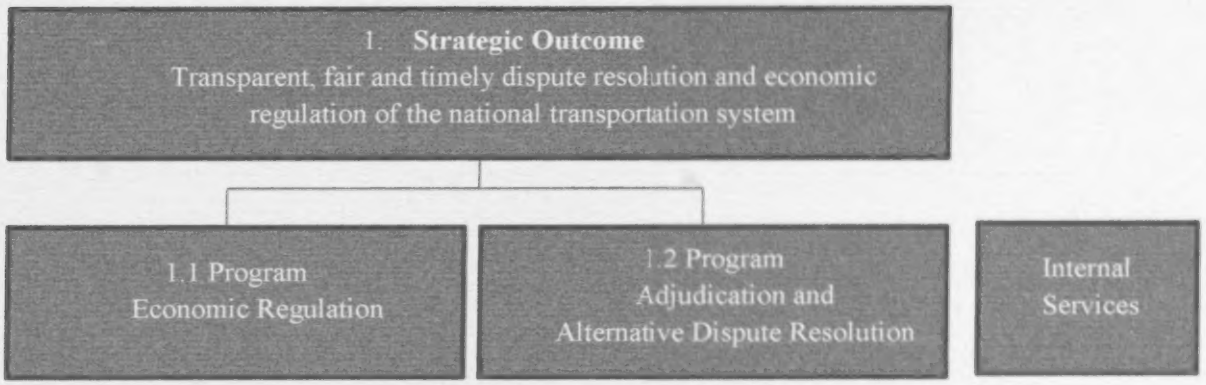
The Agency exercises its powers through its Members, who are appointed by the Governor-in-Council (GIC). The GIC may appoint up to five full-time Members, including the Chair and Chief Executive Officer (CEO) and the Vice-Chair. The Minister of Transport can also appoint up to three temporary Members from a roster established by the Governor-in-Council. The

Agency's headquarters are located in the National Capital Region. Agency personnel working in field offices in five cities across Canada carry out air and accessibility enforcement activities.

Parliament funds the Agency through an operating expenditures vote. The Agency operates within the context of the very large and complex Canadian transportation system[v].

Additional information on the Agency's role, mission, mandate and structure is available on the Agency's website[vi].

Strategic Outcome(s) and Program Alignment Architecture



Operating Environment and Risk Analysis

The Agency's budget allocation has remained essentially flat for the past eight years, during which time the Agency has absorbed a number of new mandates without additional funding.

Budgetary challenges have been compounded by externally-driven demands, including an increasing number of air travel complaints. Much of the Agency's workload is a function of the number of applications brought by clients and stakeholders, whether they are seeking dispute-resolution assistance or regulatory determinations. These clients rightly give high priority to timely service from the Agency.

An independent external review of the Agency's financial situation has found that the organization's resources are stretched and consequently, it has extremely limited flexibility to undertake new mandates or transformation initiatives.

As a risk mitigation strategy, over the course of 2015-2016, the Agency made significant efforts to improve the efficiency of its processes, find economies wherever possible, and prepare organizational adjustments to be implemented at the start of fiscal year 2016-2017. The project to review and modernize the regulations administered by the Agency and continuing efforts to streamline or automate internal and external business processes should also help achieve some internal efficiencies, control back-office costs, enhance service delivery, and mitigate budgetary risks.

However, rising demand for Agency services, along with centrally-mandated and sometimes costly initiatives, have continued to create ongoing resource pressures. While the Agency has

been supportive of the government's enterprise approach, challenges related to the implementation of large-scale, shared initiatives such as Phoenix, Workplace 2.0 or the Government of Canada's new case management system, have had a significant impact on the Agency.

The Agency will continue to monitor and report on corporate risks, and to integrate risk information into planning, priority-setting, and financial decision-making.

Key Risks

Risk	Risk Response Strategy	Link to the Organization's Programs
1. **Increase in Agency mandates** Insufficient capacity to simultaneously maintain core business functions and absorb new mandates resulting from Government of Canada priorities	To responsibly prepare for possible new mandates, the Agency: • Has sought efficiencies by systematically reviewed and streamlined processes and procedures • Has planned and initiated the rollout of a realigned organizational structure • Will seek additional resources consistent with any new mandates assigned to it.	Economic Regulation Adjudication and Alternative Dispute Resolution Internal Services
2. **Corporate services realignment** Significant financial and human resources required to respond to common federal government initiatives (e.g., shared services, process standardization, etc.), while maintaining sufficient capacity to support the Agency's mandate	To address risks linked to the rollout of shared federal government initiatives, the Agency: • Ensured capacity by continuing to streamline internal processes and procedures and by reallocating resources • Kept abreast of new developments at central agencies and adjusted internal governance and planning accordingly • Remained active on senior-level committees and working groups to explain the needs of smaller organizations like the Agency, raise concerns and issues, and provide insights on the constraints faced by independent tribunals and small agencies	Economic Regulation Adjudication and Alternative Dispute Resolution Internal Services
3. Modernization of information management Any delays in implementation of the	To manage risks linked to the implementation of the new shared case management system, the Agency: • Paused the migration to the new system while steps were taken to address escalating resource demands, and focused for the time being on enhancing business	Economic Regulation Adjudication and Alternative Dispute Resolution

new shared case management system may impact Agency initiatives to achieve efficiencies and enhance client service delivery	process efficiency • Remained active on senior-level committees and working groups to explain the needs of smaller organizations like the Agency and provide insights on the constraints faced by independent tribunals and small agencies • Applied a comprehensive implementation plan for its case management system, including business process mapping, identifying user needs, and upgrading systems • Took measures to ensure case management continuity by ensuring the Agency's case management system is able to run independently of shared, government-wide infrastructure as necessary	Internal Services

Organizational Priorities

Name of Priority: Service Excellence

Description

The Agency aims to be recognized for service innovation, excellence, and responsiveness in all interactions with clients and stakeholders. This will be done by harnessing technology, improving business processes, and enhancing external communications and engagement.

Priority Type[1]**:** Previously committed to

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Programs
Leveraging the new case management system to deliver improved services to clients	April 1, 2014	March 31, 2020	**Business process documentation:** On track **Migration to SCMS:** On hold	Economic Regulation Adjudication and Alternative Dispute Resolution Internal Services
Reviewing and streamlining of the Agency's processes to achieve efficiency	April 1, 2014	March 31, 2017	On track	Economic Regulation Adjudication and Alternative Dispute Resolution Internal Services
Developing additional tools for Agency clients to increase their awareness of legislative and regulatory provisions, and to facilitate their access to Agency services	April 1, 2014	March 31, 2017	On track	Economic Regulation Adjudication and Alternative Dispute

Progress Toward the Priority

1. Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the Report on Plans and Priorities or the Departmental Performance Report.

In 2015-2016, the Agency made significant progress towards the full implementation of this priority. For example:

- The Agency migrated two key, high-volume transaction programs to its new shared case management system – Air Travel Complaints and Filed Rail Agreements – which in 2015-2016 represented over 90% of the Agency's overall case volume. This means that more Canadian consumers and industry stakeholders now have access to improved, client-centred tools to resolve their transportation-related complaints.

- In addition to the improvements above, the front-end and back-end components of over 30% of the Agency's external-facing processes were documented and streamlined to achieve efficiencies – which will ultimately lead to simpler, more intuitive processes and faster, more efficient service.

- Multiple tools and resources – with a focus on innovative, accessible online tools, such as e-learning modules or videos to help air travellers published on the Agency's new YouTube channel – were developed for clients to increase awareness of their rights and responsibilities and the Agency's mandate and processes.

- Extensive consultation, outreach and awareness-building activities were launched with stakeholders and other interested Canadians as part of preparatory work for the Agency's Regulatory Modernization Initiative (RMI).

These activities have enhanced access to the Agency's dispute resolution and regulatory services, increased the efficiency, predictability and consistency of its client service and processes, and improved awareness of, and access to, transportation-related information for Canadian consumers and businesses.

Name of Priority: Regulatory Effectiveness

Description

The Agency aims to develop and implement sound rules that foster an efficient and accessible national transportation system, thereby contributing to the economic and social development of Canada. Regulatory modernization will help clarify compliance obligations, facilitate more effective and timely responses to non-compliance, and improve transparency.

Priority Type: Previously committed to

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Program(s)
Publishing amendments to the *Personnel Training for the Assistance of Persons with Disabilities Regulations* and Part VII of the *Air Transportation Regulations* and communicating changes to industry and community of persons with disabilities	Work to update the regulations began in 2011.	Pre-consultations on amendments to the regulations were completed in 2013. Additional stakeholder input and further review of the regulations will form part of the Agency's Regulatory Modernization Initiative (RMI), launched in early 2016. The Agency plans to complete consultations and draft modernized regulations by the end of 2017.	Ongoing	Economic Regulation
Modernizing the *Air Transportation Regulations* through proposed amendments to Parts I, II, III, and IV	The Agency conducted a review of past proposed regulatory amendments to the ATR and potential new amendments.	As part of its RMI, the Agency developed a phased plan with the aim of conducting consultations and drafting regulations by the end of 2017.	Ongoing	Economic Regulation
Enhancing the Agency's non-regulatory approaches to improving accessibility by updating its codes of practice	Key elements of the air and communication codes of practice were updated in 2015-2016.	The review of the codes of practice has been incorporated into the RMI. Accessibility consultations commenced in 2016. The Agency plans to complete consultations and draft modernized regulations by the end of 2017.	Ongoing	Economic Regulation Adjudication and Alternate Dispute Resolution

Implementing new requirements related to rail certificates of fitness in partnership with Transport Canada	April 1, 2014	June 18, 2016	Completed	Economic Regulation
Enhancing the Agency's risk-based approach to monitoring compliance with legislative and regulatory requirements, accessibility codes of practice, and Agency decisions	May 1, 2016	March 31, 2017	On track	Economic Regulation

Progress Toward the Priority

In 2015-2016, the Agency made significant progress towards achieving this priority. For example:

- The Agency conducted extensive preparatory work for its Regulatory Modernization Initiative (RMI). This project involves a review of all regulations administered by the Agency – including the *Personnel Training for the Assistance of Persons with Disabilities Regulations* and the *Air Transportation Regulations* – and extensive consultations with stakeholders and other interested Canadians.

- As part of its regulatory modernization efforts, the Agency began a review of all existing Accessibility Codes of Conduct to assess their relevance, learn lessons from their multiyear implementation, as well as to inform the approaches to be used for stakeholder consultations and regulatory amendments. Key elements of the air and communication codes of practice were updated in 2015-2016.The review of the codes of practice has been incorporated into the RMI.

- A wide-ranging consultation on *Third Party Liability Insurance Coverage Regulations for Federal Railways* was held, in support of legislation, and the Agency worked closely with Transport Canada to ensure horizontal coordination.

- The Agency began the development of a framework for the risk-based monitoring of compliance with its regulations, decisions and codes of practice.

- The Agency continued to improve and enhance the administration of existing regulations, rules and codes of practice to ensure that industry's obligations are clear, predictable, and relevant to a range of existing and emerging business practices, and that the demands associated with compliance are only as high as necessary to achieve the regulations' purposes.

These activities served to develop and apply consistent, clear and measured ground rules that establish the rights and responsibilities of transportation service providers and users, and to ensure the transparent, fair and timely economic regulation of the national transportation system.

Name of Priority: High-Performing Organization

Description

The Agency aims to be an innovative, high-performing organization with skilled, knowledgeable, and motivated employees who are treated with respect and supported by effective and efficient systems and services.

Priority Type: Previously committed to

Key Supporting Initiatives

Planned Initiatives	Start Date	End Date	Status	Link to the Organization's Program(s)
Implementing initiatives to move towards the Agency's vision of a paperless office	April 1, 2014	March 31, 2020	On track	Internal Services Economic Regulation Adjudication and Alternate Dispute Resolution
Analyzing business requirements for next-generation technologies for workplace 2.0 and enhancing web-based videoconferencing services	April 1, 2014	March 31, 2017	On track	Internal Services Economic Regulation Adjudication and Alternate Dispute Resolution
Implementing new service delivery models for internal services	April 1, 2014	Ongoing	On track	Internal Services
Improving the efficiency of existing internal administrative business processes and services	April 1, 2014	March 31, 2017	On track	Internal Services
Renewing internal practices and creating an easy-to-access repository of information about Agency operations, including mission-critical expertise to ensure that the Agency maintains business-critical expertise	April 1, 2014	March 31, 2017	On Hold due to revised approach	Internal Services Economic Regulation Adjudication and Alternate Dispute Resolution

Progress Toward the Priority
In 2015-2016, the Agency made great strides towards transforming its workplace, empowering staff and positioning itself as a high-performing organization over the long term. For example: - To help create the conditions for its workforce to be motivated, innovative, and engaged, the Agency launched the *On the Move* Action Plan, a concrete roadmap inspired by core corporate values and focused on ensuring a healthy, respectful workplace for all employees. - The Agency finalized and began the rollout of its official Digital Office Strategy, including the development of a digitization policy for the Agency to streamline processes and enable a paperless workplace. - It streamlined day-to-day operations by transforming its information management governance model. - It also kicked off preparatory work for the mapping and rationalization of all internal business processes, to make them as lean, light and efficient as possible. - In pursuit of greater e-service delivery, the Agency identified solution for web-based, secure, sequestered, multiparty videoconferencing services for the Agency's dispute resolution services. - The Agency launched an upgraded corporate intranet site enabling information sharing and knowledge transfer, and implemented direct messaging application Skype for agile internal communications and knowledge sharing. - In anticipation of the Agency's reorganization – implemented shortly after the end of 2015-2016 – internal services resources were consolidated under a functional head to facilitate the implementation of common service delivery models and practices. These activities served to rationalize the Agency's workplace and processes, and emphasize e-service delivery and streamlined services to enhance the retention of business-critical expertise, support client service, and enable front-line staff to focus their efforts on delivering results for Canadian travellers and businesses.

Section II: Expenditure Overview

Actual Expenditures

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	Difference (actual minus planned)
27,733,404	29,403,610	29,071,975	28,254,232	-1,149,378

Human Resources (Full-Time Equivalents [FTEs])

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
236	229	-7

Budgetary Performance Summary

Budgetary Performance Summary for Program(s) and Internal Services (dollars)

Program(s) and Internal Services	2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2014–15 Actual Spending (authorities used)	2013–14 Actual Spending (authorities used)
Economic Regulation	11,814,081	12,525,568	11,315,866	11,425,629	12,384,415	11,099,602	11,306,027	12,027,105
Adjudication and Alternative Dispute Resolution	10,052,251	10,657,634	9,253,556	9,363,319	10,537,659	10,334,836	10,984,842	8,982,629
Internal Services	5,867,072	6,220,408	7,222,665	7,003,139	6,149,901	6,819,794	6,486,980	7,967,204
Total	27,733,404	29,403,610	27,792,087	27,792,087	29,071,975	28,254,232	28,777,849	28,976,938

Explanation of variances for 2015-2016

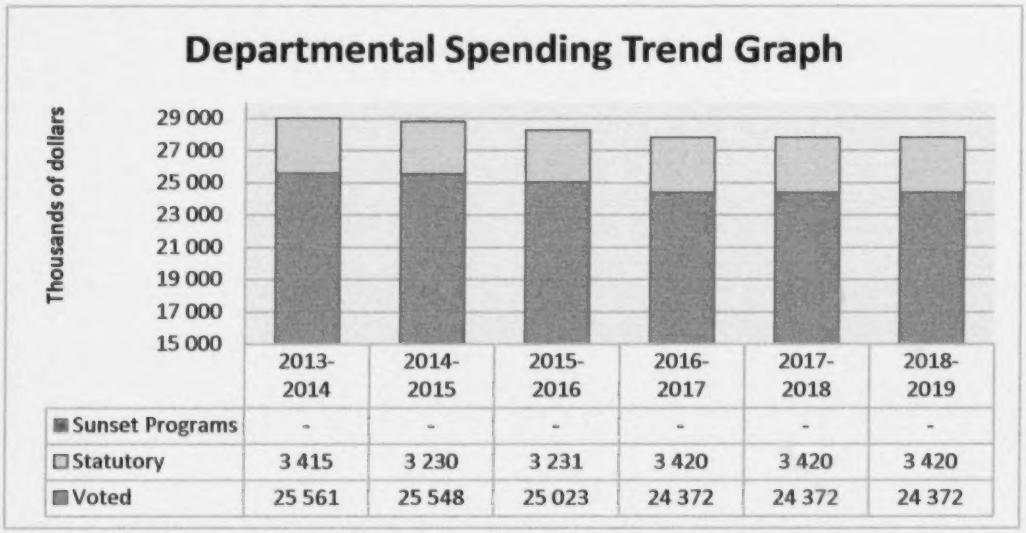
Between planned spending ($29.4 million) and total authorities ($29.1 million)

The 2015-2016 authorities available for use of $29.1 million were very similar to the planned spending of $29.4 million identified in the RPP (variance of $0.3 million). The main reason for this variance is that the Agency did not request its full entitlement for salary-related expenditures (severance and parental benefits) as it anticipated having a lapse under its operating vote.

Between 2015-2016 actual spending ($28.3 million) and 2014-2015 actual spending ($28.8 million).

Total Agency spending for 2015-2016 was slightly lower than 2014-2015. The main reason for this variance is that a one-time transition payment for implementing salary payments in arrears incurred in 2014-2015. Program spending in 2015-2016 is different from 2014-2015 given the implementation of the new Treasury Board Guideline on the Attribution of Internal Services.

Departmental Spending Trend



	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Sunset Programs	-	-	-	-	-	-
Statutory	3 415	3 230	3 231	3 420	3 420	3 420
Voted	25 561	25 548	25 023	24 372	24 372	24 372

The variance in overall expenditures from 2013-2014 to 2015-2016 is primarily due to a combination of increases in expenditures pertaining to a one-time transition payment for implementing salary payments in arrears and compensation adjustments for collective agreements ratified and paid.

Spending levels for the period from 2016–2017 to 2018–2019 correspond to the planned spending levels approved in the Main Estimates. At this time, no incremental amounts have been approved above the Main Estimates levels. Supplementary funding for items such as salary adjustments for new collective agreements and carry-forward adjustments are unknown at this time and are therefore not reflected.

Expenditures by Vote

For information on the Canadian Transportation Agency's organizational voted and statutory expenditures, consult the *Public Accounts of Canada 2016*.[vii]

Alignment of Spending With the Whole-of-Government Framework

Alignment of 2015–16 Actual Spending With the Whole-of-Government Framework[viii] (dollars)

Program	Spending Area	Government of Canada Outcome	2015–16 Actual Spending
Economic Regulation	Economic Affairs	A fair and secure marketplace	11,099,602
Adjudication and Alternative Dispute Resolution			10,334,836
Internal Services			6,819,794

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic affairs	29,403,610	28,254,232
Social affairs	N/A	N/A
International affairs	N/A	N/A
Government affairs	N/A	N/A

Financial Statements and Financial Statements Highlights

Financial Statements

The Canadian Transportation Agency's financial statements[ix] can be found on its website.

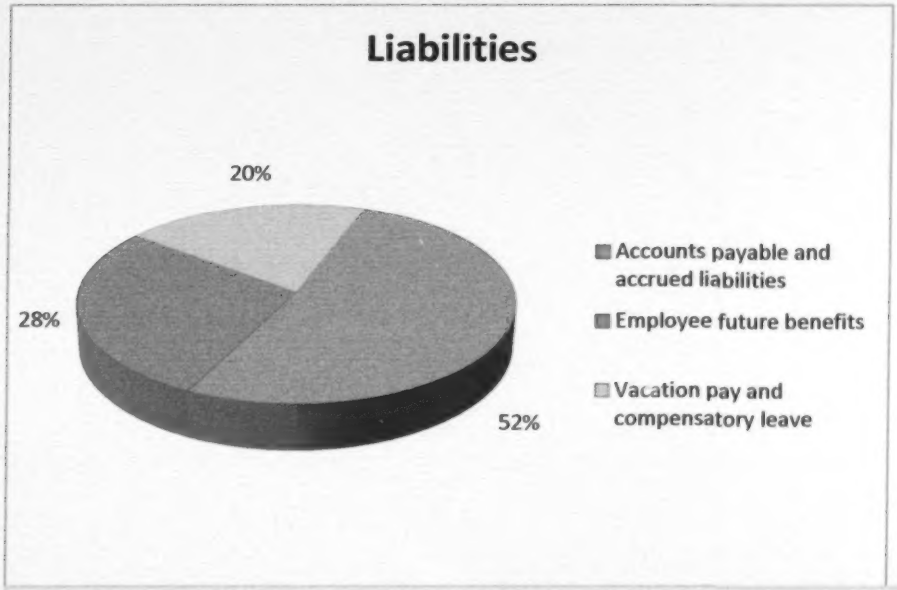
Financial Statements Highlights

Condensed Statement of Operations (unaudited) For the Year Ended March 31, 2016 (dollars)

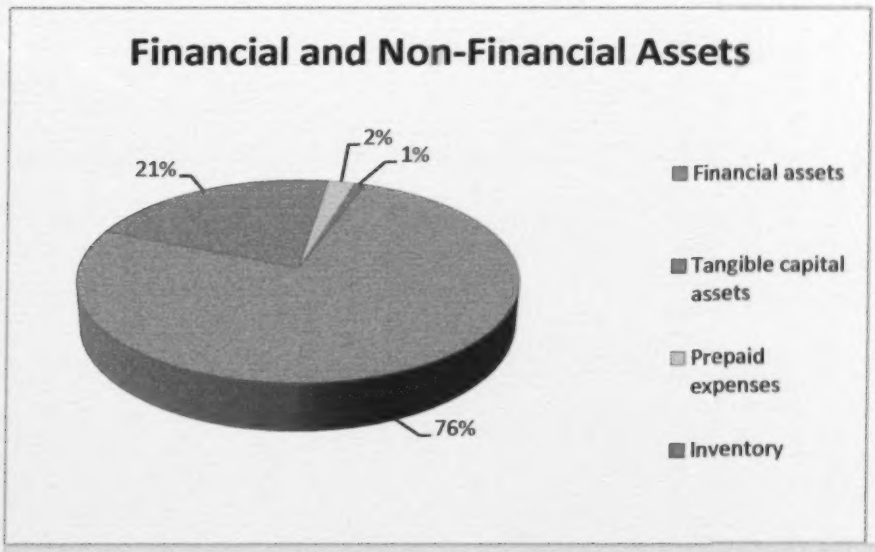
Financial Information	2015–16 Planned Results	2015–16 Actual	2014–15 Actual	Difference (2015–16 actual minus 2015–16 planned)	Difference (2015–16 actual minus 2014–15 actual)
Total expenses	33,295,314	32,627,177	32,337,530	(668,137)	289,647
Total revenues	-	-	-	-	-
Net cost of operations before government funding and transfers	33,295,314	32,627,177	32,337,530	(668,137)	289,647

Condensed Statement of Financial Position (unaudited) As at March 31, 2016 (dollars)

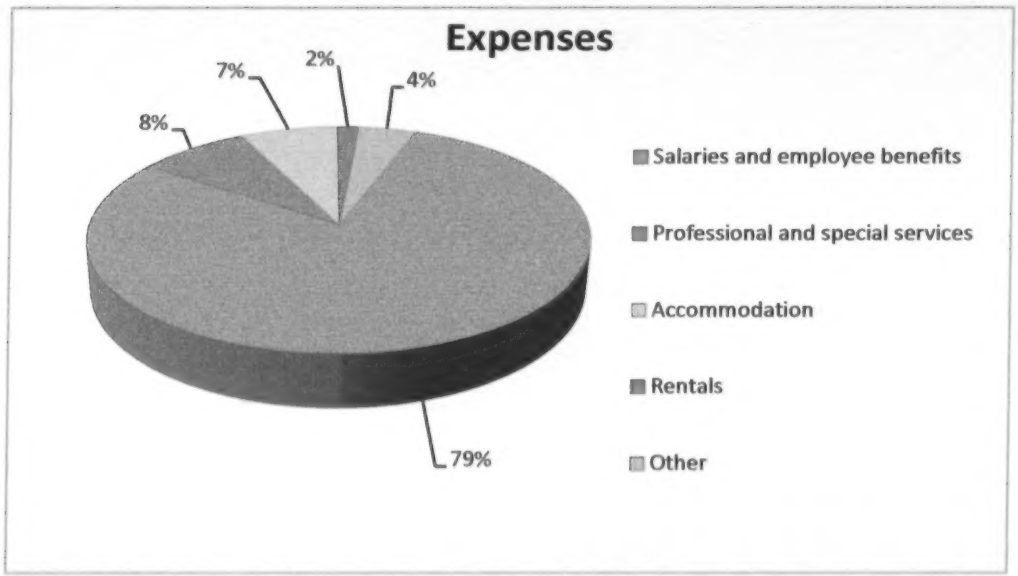
Financial Information	2015–16	2014–15	Difference (2015–16 minus 2014–15)
Total net liabilities	4,754,290	5,662,193	(907,903)
Total net financial assets	2,510,610	3,705,185	(1,194,575)
Departmental net debt	2,243,680	1,957,008	286,672
Total non-financial assets	809,028	929,355	(120,327)
Departmental net financial position	(1,434,652)	(1,027,653)	(406,999)



Total liabilities were $4.8 million at the end of 2015–2016, a decrease of $0.9 million (16%) over the previous year's total liabilities of $5.7 million. This decrease in liabilities is mainly related to the implementation of the salary payments in arrears in 2014-2015 and a decrease in the payables recorded at year-end under the Accounts Payable. Accounts Payable and Accrued Liabilities as well as Employee Future Benefits represented the largest portion of total liabilities at $2.5 million and $1.3 million respectively.



Total financial and non-financial assets were $3.3 million at the end of 2015–2016, a decrease of $1.3 million (28%) over the previous year's total financial and non-financial assets of $4.6 million. This decrease is mainly due to a decrease in the Due from Consolidated Revenue Fund (the result of the decrease in liabilities) reported under the category 'Financial Assets'. Financial Assets represented $2.5 million (76 %), tangible capital assets represented $0.7 million (21%) while prepaid expenses and inventory represented 3% of total assets.



The Agency's total expenses were $32.6 million in 2015–2016, an increase of $0.3 million (0.9%) over the previous year total expenses. The majority of funds, $25.8 million (79%), were spent on salaries and employee benefits, 8% on professional and special services, 7% on accommodation, 2% on rentals and the remaining 4% going towards information, transportation and telecommunication, machinery and equipment, amortization of tangible capital assets, repair and maintenance, utilities, materials and supplies.

Section III: Analysis of Programs and Internal Services

Programs

Economic Regulation

Description

The Agency supports an efficient and accessible federal transportation system for users, service providers and other stakeholders through economic regulation of federal air, rail and marine transportation. It regulates air transportation by enforcing the *Canada Transportation Act* and related regulations, administering a licensing and charter permit system, helping to negotiate air bilateral agreements, and ensuring that terms and conditions of carriage of air carriers are consistent with Canadian legislation. It develops regulations, codes of practice, and educational and outreach programs to ensure that undue obstacles to the mobility of persons with disabilities are removed from the federal transportation network. It regulates the federal rail system by issuing certificates of fitness allowing carriers to operate, approving rail line construction, overseeing the discontinuance of service, establishing the net salvage value of rail lines, and it determines interswitching rates and administers the Maximum Revenue Entitlement for the movement of Western grain. It acts as an economic regulator in marine transportation by determining whether suitable Canadian vessels are available when applications are made to use foreign vessels.

Program Performance Analysis and Lessons Learned

Over the past several years, the ongoing trend towards globalization of trade and travel has provided opportunities for Canadian companies to grow. However, it has also increased competition, creating constant pressure on both transportation providers and shippers to find efficiencies.

Transportation service providers have responded to these challenges and opportunities with new and innovative business strategies. To remain relevant as the transportation sector changes, the regulatory framework must also keep pace.

The Agency is sensitive to the transportation sector's need for clear, predictable rules that permit innovation, while maintaining protection for consumers and shippers. One of the Agency's major areas of focus in 2015-2016 was to begin preliminary work on its Regulatory Modernization Initiative (RMI), which involves a comprehensive review and update of the regulations it administers, as well as related guidance material and tools, to ensure that they keep pace with changes in business models, user expectations and best practices in the regulatory field.

Even as the groundwork was being laid for the launch of the RMI, the work of modernizing the Agency's guidance tools has already begun. For example, in 2015-2016, the Agency held extensive consultations with railway companies to identify issues in the railway accounting framework, railway costing tools, and the railway costing regulations. Proposed options for updating these regulatory instruments were prepared for discussion with industry participants as part of the RMI.

The Agency also launched a new approach to the filing of air transportation cargo tariffs, updated its accessibility standards on air travel and communications with travellers, and issued a ground-breaking determination on whether companies that purchase seats from an air carrier and resell them to the public should be required to hold an air licence. This determination was made after careful consideration of submissions received through a public consultation process, held in the fall and winter of 2015-2016.

The Agency continued its outreach efforts to assist industry compliance with new interline baggage rules – resulting in high levels of compliance and improved clarity for consumers – and engaged with railway companies to ensure they were ready to meet upcoming new insurance requirements stemming from the *Safe and Accountable Rail Act*.

In addition to nearly 250 inspections conducted by Agency enforcement staff, the past year also saw work begin on an enhanced risk-based approach to monitoring compliance with legislative and regulatory requirements. A framework was developed for each legislative provision where transportation service providers have an obligation, and work progressed on assessing each carrier's compliance with these provisions. In addition, a compliance self-assessment tool for new air carriers was developed to assist new market entrants meet regulatory and other requirements before they launch their operations. The tool will launch in 2016-2017.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
11,814,081	12,525,568	12,384,415	11,099,602	-1,425,966

Human Resources (Full-Time Equivalents [FTEs])

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
101	91	-10

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Service providers (air, rail and marine) comply with regulatory requirements	Air service licensees and facility operators comply with the regulatory requirements within 70 business days of the periodic inspection	85%	*Ongoing target exceeded:* 94% as of March 31, 2016
	Air service licensees and facility operators who have been found in contravention of the regulatory requirements and are brought into compliance following a periodic inspection remain compliant	85%	* See note below
	Level of compliance with targeted** accessibility provisions in regulations	85%	*Ongoing target exceeded:* 100% as of March 31, 2016
	Level of compliance with targeted** accessibility provisions in voluntary codes of practice	75%	*Ongoing target exceeded:* 100% as of March 31, 2016
CN and CP are provided with the information required to ensure they do not exceed the Maximum Revenue Entitlements for the shipment of Western Grain	Number of times that either CN or CP has exceeded their respective Western Grain Maximum Revenue Entitlement by more than 1% over the last three years	One time or fewer out of six	*Ongoing target exceeded:* Maximum Revenue Entitlements not exceeded by more than 1% in past three years

** This metric enables the Agency to measure on a longer-term basis whether the program is successful at reducing the risk of recurrence of non-compliance. The Agency has adopted a risk-based approach, meaning that carriers will be assessed based on the risk of non-compliance. As a result, a full multi-year inspection cycle must be completed to be able to assess the probability of the recurrence of non-compliance. The Agency anticipates it will have a first set of results in April 2018.*

*** Targeted regulations and voluntary codes of practice are those which have been identified for compliance monitoring through the application of a risk-based approach.*

Adjudication and Alternative Dispute Resolution

Description

The Agency provides formal and informal dispute resolution services to users, service providers and others affected by the federal transportation network. As a quasi-judicial tribunal, the Agency has the authority to issue decisions and orders on matters within its jurisdiction federal rail, air and marine modes of transportation and, in respect of the Agency's accessibility mandate including extra-provincial bus operations. It resolves disputes between: air travellers and air carriers regarding terms and conditions of air carriage; persons with disabilities and service providers regarding undue obstacles to the mobility of such persons within the federal transportation network; rail shippers and railway companies regarding level of service and other matters; municipalities, road authorities, landowners and railways regarding rail infrastructure; railways and individuals or communities affected by rail noise and vibration; Canadian ship owners and other interested persons regarding coasting trade and pilotage and port authorities regarding charges for pilotage services or port fees.

Program Performance Analysis and Lessons Learned

In 2015-2016, the Agency processed over 800 dispute applications. Thanks to continued investments in the promotion and provision of alternative dispute resolution mechanisms, it resolved 95% of these disputes informally – via facilitation and mediation – resulting in significantly reduced overall processing times and associated resource requirements.

The Agency also undertook extensive case processing reviews, and made improvements to its complaints processing systems for the public and to the handling of cases. High-volume facilitated complaints processes and the filing of railway crossing agreements were moved into a new case management system, as part of an ongoing effort to enhance process effectiveness and timeliness. Improvements for clients and stakeholders include the addition of a user-friendly secure file upload system in the online complaint form, as well as the ability to instantly access specific updates about the status of their case. In addition, the Agency modernized and simplified its handling of coasting trade applications, including by switching from facsimile to email and web-based notifications.

Following the implementation of its updated Dispute Adjudication Rules, the Agency explored new opportunities to gain further efficiencies, such as by updating its procedures for the conduct of oral hearings, identifying a solution for holding secure web-based video conferences and audiences, and developing streamlined procedures to conduct expedited file hearings to adjudicate certain lower-complexity cases.

Over the past year, the Agency has taken measures to ensure that it keeps pace with a changed transportation landscape. For example, the emergence of new business models and technologies

– such as no-frills, low-cost air transportation operations, price comparison apps for smartphones, or online travel agencies – is transforming how transportation companies are run and services are bought, while also increasing the potential for disputes between consumers and service providers. As a result, the Agency has planned for possible increases in dispute volumes, with a key response strategy being the provision of timely, easy-to-understand information to parties on their rights and responsibilities in order to build awareness and attempt to ensure that disputes are avoided in the first place.

With this in mind, the Agency launched a series of videos to help air travellers understand their rights and responsibilities. Available on the Agency's website, via YouTube and at airport terminals and Service Canada centres, these short, informative clips explain in straightforward terms how travellers can deal with some of the most common problems they face and provide useful tips on how to minimize the risk that these issues will arise.

The Agency is most effective when as many clients and stakeholders as possible are aware of its services. Efforts were undertaken in 2015-2016 to ensure that Canadian consumers and transportation industry stakeholders were aware of the Agency's services, as well as their rights and responsibilities. The Agency's client satisfaction research continued to point to a sustained appetite for engagement and dialogue from clients and stakeholders; in response, throughout 2015-2016, the Chair and CEO and other senior Agency representatives held upwards of 25 stakeholder dialogue sessions with consumer groups, industry associations and other stakeholders.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
10,052,251	10,657,634	10,537,659	10,334,836	-322,798

Human Resources (Full-Time Equivalents [FTEs])

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
77	74	-3

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Specialized transportation dispute resolution that is transparent, fair and timely	Percentage of dispute resolution service standards achieved*	70%	*Target exceeded* 89% of service standards met

** Based on meeting 70% of the dispute resolution service standards (as published on the Agency's website, at https://www.otc-cta.gc.ca/eng/service-standards)*

Internal Services

Description

Internal services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal services include only those activities and resources that apply across an organization, and not those provided to a specific program. The groups of activities are Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

Program Performance Analysis and Lessons Learned

Smart, lean and modern internal services are at the foundation of any effective organization. To ensure capacity for possible new or expanded mandates and to position itself as an agile, responsive organization in a fast-moving world, in 2015-2016 the Agency focused on initiatives that centred on supporting innovation and collaboration, rationalizing operations, and enabling its most valuable resource: its people.

The Agency's *On the Move* Action Plan – developed to address issues highlighted in the results of the 2014 Public Service Employee Survey – served as a roadmap for commitments and activities designed to foster values and ethics, support employee development, encourage good people management and a healthy and respectful workplace, as well as improve transparency and dialogue.

Workshops on values and ethics were held, with over 75% of Agency employees signing up to attend. A corporate commitment to a healthy and respectful workplace was launched by the Chair and CEO, and was reflected in all 2015-2016 management performance agreements. In addition, to support senior managers in their leadership development, a program of systematic 360-degree evaluations was launched.

To encourage information sharing and build engagement, all-staff town hall meetings with the Chair and CEO were held three times last year, monthly informal "coffee chats" with the Chair and CEO were held, and a Labour-Management Consultation Committee was reinitiated.

Initiatives to encourage collaboration across organizational boundaries, foster innovation, and tighten up internal business processes were also an area of focus over the course of 2015-2016. For example, the Agency established a Managers' Network and revitalized its Administrative Professionals' Network to provide forums for information sharing, exchanging best practices, peer-supported problem-solving, process improvement, and dialogue on emerging

issues. The Agency also rolled out wireless internet access for staff across the organization, enabling employees to work and collaborate more effectively.

Over the course of 2015-2016, through extensive change management and employee engagement activities – such as consultations with staff, brown bag lunches and information sessions, town hall meetings and direct or anonymous feedback mechanisms – the Agency prepared the rollout of its new organizational structure. While this new structure was officially effective on April 1, 2016, much of the supporting work was completed in 2015-2016. The new structure removed unnecessary layering of oversight and approvals to maximize internal efficiencies and focus resources on delivery.

To streamline its internal services, the Agency actively sought out efficiencies and process improvements – such as launching a systematic review and rationalization of its internal business processes, favouring more effective collective staffing processes and launching the development of standardized job descriptions across the PM group. The Agency also implemented new performance indicators related to budget management, in order to improve the accountability of delegated managers and effective allocation of resources within the organization.

In addition to internal streamlining, the Agency worked to align itself with government-wide solutions by preparing for the implementation of the Public Service Commission's New Direction in Staffing and by rolling out MyGCHR and Phoenix. Despite challenges related to the transition period workload and concerns linked to the shared software platform's stability, the rollout proceeded smoothly, managers were trained and supported effectively, and no data was lost.

The Agency also emphasized horizontal collaboration and reduced duplication across government by actively working with other government departments, such as by signing a memorandum of understanding with Indigenous and Northern Affairs Canada for the provision of document digitization services - which enabled the Agency to make substantial progress on its Digital Office initiative – and with Canadian Heritage for provision of Agency mail services.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2015–16 Total Authorities Available for Use	2015–16 Actual Spending (authorities used)	2015–16 Difference (actual minus planned)
5,867,072	6,220,408	6,149,901	6,819,794	599,386

Human Resources (FTEs)

2015–16 Planned	2015–16 Actual	2015–16 Difference (actual minus planned)
58	64	6

Section IV: Supplementary Information

Supplementary Information Tables

The following supplementary information tables are available on the Canadian Transportation Agency's website.[x]

- Departmental Sustainable Development Strategy
- Internal Audits and Evaluations

Federal Tax Expenditures

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the Report of Federal Tax Expenditures.[xi] This report also provides detailed background information on tax expenditures, including descriptions, objectives, historical information and references to related federal spending programs. The tax measures presented in this report are the responsibility of the Minister of Finance.

Organizational Contact Information

For more information, please visit the Agency's website or contact the Agency at:

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Appendix: Definitions

appropriation (*crédit*): Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures (*dépenses budgétaires*): Operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report (*rapport ministériel sur le rendement*): Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent (*équivalent temps plein*): A measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes (*résultats du gouvernement du Canada*): A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure (*Structure de la gestion, des ressources et des résultats*)**:** A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures (*dépenses non budgétaires*): Net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance (*rendement*)**:** What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

performance indicator (*indicateur de rendement*): A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting (*production de rapports sur le rendement*): The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending (*dépenses prévues*): For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plans (*plan*): The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities (*priorité*)**:** Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program (*programme*)**:** A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture (*architecture d'alignement des programmes*)**:** A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities (*rapport sur les plans et les priorités*): Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

results (*résultat*): An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

statutory expenditures (*dépenses législatives*): Expenditures that Parliament has approved through legislation other than appropriation acts. The legislation sets out the purpose of the expenditures and the terms and conditions under which they may be made.

Strategic Outcome (*résultat stratégique*): A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program (*programme temporisé*): A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target (*cible*): A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

voted expenditures (*dépenses votées*): Expenditures that Parliament approves annually through an Appropriation Act. The Vote wording becomes the governing conditions under which these expenditures may be made.

Whole-of-government framework (*cadre pangouvernemental*): Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

i. **Accessible transportation complaints videos,** https://www.youtube.com/playlist?list=PLSetKZd14VJQ6FR11Vb3YOk8lGA3NeQxk

ii. **Accessibility for All Quiz,** https://www.otc-cta.gc.ca/eng/training-how-assist-persons-with-disabilities-transportation-service-providers

iii. **Air travel rights and responsibilities videos,** https://www.youtube.com/playlist?list=PLSetKZd14VJQVAK0QCbNtOfx8mIqg4lN3

iv. **Acts and Regulations on Agency website,** https://www.otc-cta.gc.ca/eng/acts-and-regulations

v. **Transport Canada website,** http://www.tc.gc.ca/eng/aboutus-abouttc.html

vi. **Canadian Transportation Agency website,** https://www.otc-cta.gc.ca/eng

vii. **Public Accounts of Canada 2016,** http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

viii. **Whole-of-government framework,** http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx

ix **Canadian Transportation Agency. Financial Statements,** https://www.otc-cta.gc.ca/eng/publication/financial-statements-period-ended-march-31-2016

x. **Supplementary information tables,** https://www.otc-cta.gc.ca/eng/publication/departmental-performance-report-2015-2016-supplementary-information-tables

xi. **Report of Federal Tax Expenditures,** http://www.fin.gc.ca/purl/taxexp-eng.asp